

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Parcel Select
Parcel Select Contract 2

Docket No. MC2012-16

Competitive Product Prices
Parcel Select Contract 2 (MC2012-16)
Negotiated Service Agreement

Docket No. CP2012-23

PUBLIC REPRESENTATIVE COMMENTS

(May 17, 2012)

I. BACKGROUND

In response to Order No. 1335,¹ the Public Representative hereby comments on the May 4, 2012 United States Postal Service Request to Add Parcel Select Contract 2 to the Competitive Product List, and subsequent errata on May 7, 2012.

The Public Representative observes that the Postal Service's Request comports with the provisions of title 39. The contract appears to be beneficial to the Postal Service, the contract partner and the general public.

II. DISCUSSION

Parcel Select is a product designed for large and medium sized shippers looking for an economical ground delivery service by providing an economical network "last mile" delivery.

¹ Notice and Order Concerning Addition of Parcel Select Contract 2 to the Competitive Product List (Order No. 1335), May 8, 2012. In the Order No. 1355 the Commission appropriately changed the name of the contract from Parcel Select Contract 1 to Parcel Select Contract 2.

Previous data filed in Annual Compliance Reports regarding Parcel Select and Parcel Return Service contracts indicate that the Parcel Select component of the contracts have provided significant volume and reasonable contribution to the institutional costs of the Postal Service. The instant contract has a similar expected cost coverage as previous Parcel Select contract pieces.

However, unlike previous contracts, the instant contract will remain in effect much longer than previous contracts, seven years.² Based on the financial workpapers filed by the Postal Service it is likely that the contract will likely meet the requirements of 39 U.S.C 3633(a) during the first contract year. However, no data has been provided by the Postal Service that demonstrates that the contract will meet the requirements of 39 U.S.C. 3633(a) in subsequent years. To accommodate the long contract period, the contract contains several terms that adjust the prices in the contract periodically and adjusts prices to account for large changes in costs. It appears that the inclusion of these terms will help maintain the contract's ability to meet the requirements of 39 U.S.C. 3633(a) over the lifetime of the contract. The Public Representative is also mindful that Postal Service will file cost, revenue, and volume data in each year's Annual Compliance Report that will aid the Commission in ensuring the requirements of 39 U.S.C. 3633(a) continue to be met.

III. CONCLUSION

The Public Representative, after accessing and reviewing all materials the United States Postal Service submitted under seal in this matter, acknowledges that the pricing in the present Parcel Select Contract 2 appears to comport with relevant provisions of title 39. This contract contains provisions favorable to both the Postal Service and the public.

² Unless it is terminated as described in Article III of the contract.

The Public Representative respectfully submits the preceding Comments for the Commission's consideration.

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Docket Nos. MC2012-16 & CP2012-23

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